OM[illegible]
No. 45[illegible]26
Approval Expires Oct. 31, 1981

UNITED STATES DEPARTMENT OF JUSTICE
WASHINGTON, D.C. 20530

Form OBD-68
(Rev 10-14-76)
Formerly DJ-307
for

AMENDMENT TO REGISTRATION STATEMENT

Pursuant to the Foreign Agents Registration Act of 1938, as amended.

1. Name of Registrant	2. Registration No.
Cleary, Gottlieb, Steen &Hamilton	508

3. This amendment is filed to accomplish the following indicated purpose or purposes:

- [X] To correct a deficiency in
  - [ ] Initial Statement
  - [X] Supplemental Statement for ~~period ending~~ June 30, 1978
- [ ] To give notice of change in an exhibit previously filed.
- [ ] To give a 10-day notice of a change in information as required by Section 2(b) of the Act.
- [ ] Other purpose (specify) _____

4. If this amendment requires the filing of a document or documents, please list -

5. Each item checked above must be explained below in full detail together with, where appropriate, specific reference to and identity of the item in the registration statement to which it pertains. If more space is needed, full size insert sheets may be used.

SEE SHEET ATTACHED.

The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this amendment and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief.

(Both copies of this amendment shall be signed and sworn to before a notary public or other person authorized to administer oaths by the agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions who are in the United States, if the registrant is an organization.)

Robert C. Barnard

R. Michael Duncan

J. Eugene Marans

Subscribed and sworn to before me at Washington, D.C.

this 1st day of November, 19 78

Mary I. Lattner
(Notary or other officer)

My commission expires 1/1/79

DOJ

The following information, relating to Items 11 and 12 of the registrant's Supplemental Statement for the period ending June 30, 1978, is provided:

Item 11: The registrant also made a submission on March 17, 1978 (copy attached) on behalf of CSR Limited to the International Trade Commission in the course of an investigation under section 22 of the Agricultural Adjustment Act, as amended, with respect to cane and beet sugar, syrups, and molasses. Although filing a copy of this submission with the Registration Unit, Internal Security Section, Criminal Division, Department of Justice, was not required, a copy was filed on March 25, 1978.

Item 12: The answer to the question in item 12 should be "yes" instead of "no".

The activities engaged in by the registrant were as follows:

On behalf of BNP and its U.S. subsidiary, the French American Banking Corporation, the registrant delivered to Mr. W. Volckhausen of the New York State Banking Department a letter dated June 19, 1978, transmitting a submission concerning the impact of the proposed International Banking Act (H.R. 10899) on BNP and FABC, embodying comments discussed at a meeting between representatives of FABC, the registrant and the Banking Department on June 15, 1978. A copy of that submission, which was filed with the Registration Unit, Internal Security Section, Criminal Division, Department of Justice on June 19, 1978, is attached.

On behalf of BNP, on June 27, 1978, the registrant held discussions separately with Mr. Theodore Doremus, Minority General Counsel, House Committee on Banking, Currency and Housing, and with Mr. Jeremiah Buckley, Minority Staff Director, Senate Committee on Banking, Housing and Urban Affairs, concerning the impact of the proposed International Banking Act on BNP.

March 24, 1978

Mr. Joel S. Lisker, Chief
Registration Unit
Internal Security Section
Criminal Division
Department of Justice
Washington, D. C. 20530

Re: Registration No. 508

Dear Mr. Lisker:

Enclosed for filing are two copies of my submission to the International Trade Commission on behalf of the Australian sugar industry. Enclosed also is the dissemination report. Twenty copies were delivered to the International Trade Commission.

Very truly yours,

Robert C. Barnard

Enclosures

CLEARY, GOTTLIEB, STEEN & HAMILTON
1250 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036

(202) 223-2151

CABLE: CLEARGOLAW WASHINGTON
TWX 7108220108

ROBERT C. BARNARD
FRED D. TURNAGE
R. MICHAEL DUNCAN
DONALD L. MORGAN
CHARLES D. MAHAFFIE, JR.
J. EUGENE MARANS
DOUGLAS E. KLIEVER
DANIEL B. SILVER
KENNETH L. BACHMAN, JR.
CHARLES F. LETTOW
RICHARD DEC. HINDS
RESIDENT PARTNERS

MATTHEW HALE
WASHINGTON COUNSEL

SARA D. SCHOTLAND
ERIC SCHWARTZ
JOHN S. MAGNEY
HENRY J. PLOG, JR.
EDWARD G. MODELL
RICHARD R. GARDNER
LEE C. BUCHHEIT
JOHN W. WILMER, JR.
EUGENE M. GOOTT
THOMAS C. HILL
JOSEPH ISENBERGH

GEORGE W. BALL
COUNSEL

NEW YORK OFFICE
ONE STATE STREET PLAZA
NEW YORK 10004

PARIS OFFICE
41, AVENUE DE FRIEDLAND
75008 PARIS, FRANCE

BRUSSELS OFFICE
RUE DE LA LOI, 23
1040 BRUSSELS, BELGIUM

LONDON OFFICE
WINCHESTER HOUSE
77 LONDON WALL
LONDON EC2N 1DA, ENGLAND

March 17, 1978

Mr. Kenneth R. Mason
Secretary
United States International Trade Commission
701 E Street, N. W.
Washington, D. C. 20436

Re: Investigation under Section 22 of the Agricultural Adjustment Act, as amended, with respect to cane and beet sugar, syrups, and molasses.

Dear Mr. Mason:

I wish to submit the following comments on the Commission's current investigation into cane and beet sugar, syrups and molasses under Section 22 of the Agricultural Adjustment Act as amended. These comments are submitted on behalf of CSR Limited of Sydney, Australia, which is sole export marketing agent for Australian sugar.*/ The views expressed are those of the Australian sugar industry.

The United States is at present part of the world free market for sugar. Domestic prices move broadly in line with fluctuations in world market prices. The world market situation and outlook must therefore form an integral part of the Commission's investigation into whether protection against sugar imports is warranted under Section 22 of the Agricultural Adjustment Act of 1932.

---

*/ This material is circulated by Cleary, Gottlieb, Steen & Hamilton, 1250 Connecticut Avenue, N. W., Washington, D.C. 20036, which is registered under the Foreign Agents Registration Act as an agent for CSR Limited, 1-7 O'Connell Street, Sydney, Australia (marketing agent for the Queensland Government under the supervision of The Sugar Board). This material is filed with the Department of Justice where the required registration statement is available for public inspection. Registration does not indicate approval of the content of this material by the United States Government.

The world sugar market is at present in a state of transition. The new International Sugar Agreement has not yet exercised its full influence on the world market largely because of two factors which affected the volume of the trade in sugar in late 1977. First, there was the prospect of additional restrictions being imposed on sugar imports into the United States following the passage of the Food and Agriculture Act in September 1977. Second, exporters faced with the prospect of tight quota controls in 1978 under the new International Sugar Agreement (ISA) were anxious to export as much sugar as possible prior to the entry into force of the new agreement. The co-incidental timing of these two events created considerable pressure on world sugar prices, the effects of which are still in evidence. Similar conditions are not likely to recur. Indeed the effective operation of the new ISA will ensure that they will not.

Looking to the longer term, Australia shares the view already expressed to the Commission that the ISA will gradually redress the current imbalance between supply and demand on the world sugar market. Export quotas for 1978 have been set at the minimum level presently allowable. However, there is scope for a further 2-1/2% reduction in this minimum level should market prices not improve significantly before 21st April this year. Furthermore, exporters are required to accumulate 2.5 million tons of sugar as ISA special stocks over the first three years of the agreement.

When these actions will succeed in lifting prices into the agreed price range cannot be precisely determined at this stage. However, it is significant that the actions already taken will result in a 20% reduction in exports by major exporting countries in 1978 compared to exports by these same countries in 1977.

The prospect of an effective agreement which brings supply and demand on the world sugar market into balance reduces considerably any risk which might be perceived to exist for the United States sugar industry. In any event, this risk is diminished by the fact that all significant raw sugar exporters are subject to ISA export quota limitations, thereby reducing the total quantities available from which United States and other sugar importers can draw supplies.

If, despite the prospect of an effective international sugar agreement and consequent higher prices for world free market sugar, the Commission concludes that additional restrictions should be imposed on imports, the obvious alternatives are quantitative controls or higher financial imposts on imports. There are options within each of these alternatives the most obvious of which are a restrictive global quota, country-by-country quota arrangements,

higher tariffs and import fees. Australia's attitude towards these broad alternatives was outlined in the testimony presented to the Commission in December 1976 during its investigation conducted under Section 201 of the Trade Act of 1974.

In the light of developments since 1976, Australia is reluctant to state a categorical preference for one form of import restriction over another. All have disadvantages. Not one could be accepted without creating some hardship. Nevertheless, Australia is firmly of the view that certain principles should be considered before any new or additional restrictions are applied. These principles can be summarized as follows:

1. Existing as well as any new or additional import restrictions should be designed to phase out automatically as market prices increase and should be completely eliminated as soon as U.S. domestic prices for raw sugar reach the support level fixed pursuant to the Food and Agriculture Act of 1977. Failure to include provision for such adjustment is an obvious fault of the existing tariff/fee arrangements. In addition, restrictions on imports of sugar and price objectives of a support program must be evaluated in the light of increased market penetration by high fructose corn syrup. Failure to provide for prompt phase-out will result in a higher HFCS sweetener market share, if prices are allowed to be forced by import restrictions materially above the support level.

2. Any additional barriers against imports should be based on U.S. supply/demand considerations over the long term. United States relies on imported supplies for a sizeable portion of its consumption requirements and will continue to do so. Any import policy should take account of the need to secure supplies in all market situations. It is in United States interest to seek to ensure continuity of supplies. If restrictive quotas are to be imposed, it would help maintain such continuity if exporters were permitted to receive the full domestic market value for sugar sold to the United States. If the tariff or fee approach is confirmed, the level of protection must be adjusted downwards as supplies tighten by reason of ISA export quota restrictions and prices rise. Such action would be consistent with the original intent of the self-destruct provision in the Food and Agriculture Act of 1977.

3. It is important that any restrictive measures be compatible with existing commercial trading practices. Measures that bring uncertainty and are difficult to implement in practice should be avoided. In this context, restrictive global quotas and auctioning of licenses would be unwise and impracticable. If the automatically adjustable tariff/fee approach is endorsed, it is desirable from both the importer's and exporter's point of view to

know or at least be able to calculate without difficulty, and a reasonable time in advance, what tariff/fees may be applicable to sugar exported to the United States. In this connection we urge the Commission to recommend that the Administration take positive action to enable quotations of the spot value of sugar on the New York Coffee and Sugar Exchange to be resumed. The resumption of quotations for the spot value of sugar would facilitate such calculations. In addition, with the spot market quotations re-established, it would be simple to create a mechanism to adjust and ultimately phase out imposts as the price support level is reached.

Conclusion

In 1977, following the investigation under Section 201 of the Trade Act of 1974, a majority of the Commission concluded that the appropriate mechanism for import restrictions was country-by-country quotas, with exporters being permitted to receive the full U.S. domestic market price. Australia agrees that such a system was the most appropriate for the conditions the Commission found to be then existing. Since that time, the 1977 ISA has been negotiated and entered into force on 1st January, 1978. There is thus in existence an internationally accepted mechanism designed to lift world market prices for sugar and thereby establish and maintain conditions which will allow viable operation of sugar industries world wide, including that in United States. U.S. domestic import restrictions should therefore be viewed as dealing with essentially a short term problem, likely to exist only until the ISA has become fully effective.

Should the Commission conclude that additional temporary protection is required to achieve the price support goals and that such protection is best afforded through quotas rather than tariffs/fees, Australia urges it to recommend a system of country-by-country quotas which allows exporters to receive the full domestic market value for sugar sold to the United States. The basis for allocation of such quotas should be recent performance. If the use of tariff/import fees is preferred, Australia believes that the Commission should recommend a mechanism whereby the fee is automatically adjusted in line with movements in world market prices, and the higher tariff and the fee are both phased out when U.S. domestic sugar prices reach the support level.

Respectfully submitted,

Robert C. Barnard

Robert C. Barnard
Counsel for CSR Limited

June 19, 1978

Mr. Joel S. Lisker, Chief
Registration Unit
Internal Security Section
Criminal Division
Department of Justice
Washington, D.C. 20530

Re: Registration No. 508

Dear Mr. Lisker:

Enclosed for filing are two copies of our submission to the New York State Banking Department on behalf of Banque Nationale de Paris. Enclosed also is the dissemination report. One copy was delivered to the New York State Banking Department.

Sincerely yours,

Enclosures

J. Eugene Marans

FRENCH AMERICAN BANKING CORPORATION
ONE WALL STREET, NEW YORK, N.Y. 10005

June 19, 1978

CABLE ADDRESS: FRENAMBANK
TELEPHONE: (212) 904-4127

William A. Volckhausen, Esq.
Deputy Superintendent and
General Counsel
New York State Banking Department
Two World Trade Center
New York, New York 10047

Re: International Banking Act (H.R. 10899)

Dear Mr. Volckhausen:

I very much appreciate your courtesy in meeting with me and FABC's counsel, together with the First Deputy Superintendent, last Thursday afternoon to discuss the impact of the proposed International Banking Act on FABC's operations. Enclosed is a memorandum prepared by our counsel to reflect the views which we expressed informally on Thursday.

The primary concern of BNP and FABC with the International Banking Act of 1978 is that, while allowing BNP to continue to own FABC, H.R. 10899 would impose new restrictions on BNP and FABC that might well make it necessary seriously to curtail FABC's operations. Needless to say, this would be a most unfortunate development for a company which has operated fully in accordance with the laws applicable to it and has played for so many years a useful role in the New York financial community.

As you know, FABC is BNP's principal banking operation in the United States. As FABC's principal regulator, you are already familiar with the history of our operations. To bring the figures on our operations up to date, a supplement is enclosed.

While FABC proposes to address its views directly to the Senate Banking Committee, it recognizes that the subject of the Article XII investment companies is perhaps too limited to command much attention against the backdrop of the larger issues in the bill. Apparently, the position paper submitted by the Article XII's of European-American and Schroders to the House Banking Committee (Hearings on H.R. 7325, 94th Cong., 1st Sess., p. 775) received little attention. In

view of this, I felt that we should convey our concerns to the Superintendent to enable consideration of the impact of the bill on our State charter privileges.

Sincerely yours,

Gilbert Bubendorff

Enclosures

cc: Messrs. Cleary, Gottlieb, Steen & Hamilton

This material is circulated by Messrs. Cleary, Gottlieb, Steen & Hamilton, One State Street Plaza, New York, New York 10004 which is registered under the Foreign Agents Registration Act as an agent for Banque Nationale de Paris, 75450 Paris, France Cedex 09. This material is filed with the Department of Justice where the required registration statement is available for public inspection. Registration does not indicate approval of the content of this material by the United States Government.

FABC MEMORANDUM TO THE NEW YORK BANKING DEPARTMENT

The principal portions of H.R. 10899 which trouble BNP and FABC are the following:

Interstate Banking: New York as Home State

1. In its present form section 5(a) could be read as forcing BNP to elect California rather than New York as its home state. This danger could be avoided if any one of the three following alternatives were adopted:

(a) The provision was made prospective in application by changing the word "operate" to "establish or acquire." OR

(b) Inserting in clause (1) "subsidiary bank" and striking clause (3). OR

(c) Adding a grandfather clause covering entities approved prior to May 23, 1977 or some later date.

The Federal Reserve Board has recommended that the bill be amended to grandfather banking operations owned by foreign banks on May 23, 1977 and to permit a foreign bank, among other choices, to elect the situs of its Article XII investment company as its home state. If the Congress should adopt the Board's recommendations, BNP would be permitted to choose New York as its home state and retain its ownership of French Bank of California.*/ Otherwise, one of the above-suggested alternatives would be necessary to achieve this result.

---

* The Board has also recommended that "commercial lending companies" outside the home state should be restricted to activities allowed to federally-chartered Edge corporations. If New York is BNP's home state, FABC could continue its existing state format of operations irrespective of grandfather rights.

Investments in Affiliates: BNP Capital in FABC

2. Section 6(c)(29) would impose on BNP, as a foreign bank having an insured branch, the limitations on investment in, loans to and other dealings with affiliates in section 23A of the Federal Reserve Act, subject to exemptions or exceptions to be determined by the Federal Reserve Board. If these limitations were in fact fully applied, FABC could no longer function as it has been doing for so many years. BNP's investment in FABC is already so large, in proportion to BNP's capital, as to use up a great deal of the amount authorized. (See enclosed figures.) FABC's difficulties with this provision would be resolved if just before the comma on line 11, page 30 of H.R. 10899 there were inserted the words "or which is subject to examination by a Federal or State bank supervisory authority".

The Federal Reserve Board has recommended that the bill be amended to eliminate the application of section 23A of the Federal Reserve Act to insured foreign banks, pending the outcome of a two-year study by the Board on the subject. The two-year study is already required of the Board by section 7(d) of the bill. The amendment of section 6(c)(29) to eliminate immediate application of the section 23A restrictions to insured foreign banks merely serves to incorporate the subject of such restrictions into the study already provided for.

Section 7(d) would require the Board to consult with the appropriate State bank supervisory authorities before addressing its recommendations to the Banking Committees of the Congress. This appears to us to be a responsible course of action which would afford the New York Superintendent of Banks ample opportunity to comment upon the potential problems associated with the application of section 23A to BNP and FABC.

If the Congress should adopt the Board's amendment to section 6(c)(29), BNP could continue to provide capital support to FABC without being impeded by federal restrictions on dealings with affiliates. Otherwise, the above-suggested alternative would be necessary to achieve this result.

Reserve Requirements of the Federal Reserve System: Impact on FABC

3. Under the New York Banking Law, Article XII investment companies may not accept deposits and are therefore not required to maintain reserves. They do receive "credit balances" incidental to, or arising out of, other services to their customers. Section 7(a)(1)(B) would authorize the Federal Reserve Board to impose on FABC the reserve requirements of the Federal Reserve System.*/ It seems clear from the history of the bill and from the definition of "deposit" in the Board's Regulation D that reserves would be required against credit balances held by an Article XII investment company. If FABC were required to maintain reserves against its credit balances at present Regula-

---

*/ FABC and other foreign-owned investment companies are defined as "commercial lending companies" in section 1(b)(9) of the bill. Apparently, one American-owned company may also be a "commercial lending company," even though it operates under Article V of the New York Banking Law. American Express International Banking Corporation would be free of the federal system of reserves because it is not "owned or controlled by foreign banks."

tion D rates, it would have had to maintain about $58 million of reserves on December 31, 1977. The result would have been a deep cut in FABC's profitability. However, the most severe potential consequence of mandatory reserves is that FABC would be regulated like a commercial bank without having the full powers given to such a bank. There is a danger that the FABC would not be able to continue to supply its specialized services to its customers on a basis competitive with the commercial banks in its market.

The existence of a BNP branch in New York City does not alter this conclusion. FABC acts as a correspondent banking institution for many foreign banks which are competitors to BNP. FABC's independence as an American chartered banking institution is important to the continuation of this vital business. This business cannot be expected to be transferred to BNP's New York branch if, as a result of the new reserve structure, Article XII's would no longer be competitive.

As a State-chartered banking institution, FABC feels that it should not be subjected to reserves imposed by federal banking authorities if similar reserves are not imposed on subsidiary State-chartered banks owned by foreign banks. In the House of Representatives, the Federal Reserve Board's proposal to extend mandatory reserve requirements of the Federal Reserve System to State-chartered banks was rejected because it was recognized as an encroachment on the dual banking system.

As their popular name implies, Article XII's are State-chartered banking institutions. They differ from foreign bank branches and agencies which are merely licensed to do banking business in the State. This difference may not have been perceived by the Congress because the identity of their State charter was submerged in the fictional term "commercial lending company" used by the bill to describe the Article XII's. Congress apparently focused entirely on the "credit balance" issue, which had the tendency to identify the fate of the Article XII's entirely with that of foreign bank agencies.

If mandatory federal reserves for subsidiary banks encroach on the dual banking system, the same is true of mandatory federal reserves for the Article XII's. In each case, a State-chartered banking institution would be compelled to accept a system of federal reserves which differs from the concept of its State charter. */

The Federal Reserve Board has not proposed any amendments which would relieve the Article XII's of the need to observe reserve requirements of the Federal Reserve System. It has proposed amendments which would extend the federal system of reserves to State-chartered banks if owned by foreign banks.

FABC's concerns over the encroachment on its State charter privileges could be remedied by the following changes in section 7 of the bill:

> On page 32, line 2, delete the comma and the words "or (except as provided", and insert the words "of a foreign bank".

---

*/ Article XII investment companies are only one of several forms of "banking organizations" (N.Y. Banking Law § 2(11)), other than "banks" (N.Y. Banking Law § 2(1)), which the Board has indicated it would like to bring under the federal system of reserves. Others are savings banks, savings and loan associations, and credit unions. The International Banking Act does not apply to them.

On page 32, delete lines 3 and 4 and all of line 5 except the word "any".

On page 32, delete subsection 7(a)(3) in its entirety.

Since the effect of these changes would be to eliminate the federal system of reserves for Article XII's, such companies should not have discount privileges at the Federal Reserve Banks. Accordingly, a corresponding change would need to be made in section 7(b) of the bill by deleting all references therein to "commercial lending companies" and by making the references therein to branches and agencies read "branch or agency", with the reference on page 32, lines 1-2, reading "'branch', 'agency', and 'foreign bank' shall have...."

This material is circulated by Messrs. Cleary, Gottlieb, Steen & Hamilton, One State Street Plaza, New York, New York 10004 which is registered under the Foreign Agents Registration Act as an agent for Banque Nationale de Paris, 75450 Paris, France Cedex 09. This material is filed with the Department of Justice where the required registration statement is available for public inspection. Registration does not indicate approval of the content of this material by the United States Government.

June 19, 1978

French American Banking Corporation (FABC)

Total assets as of December 31, 1977 - $1,025,814,880.

The following list shows the major elements of FABC's business at the present time. The figures in parenthesis are based on the proportion of all FABC employees engaged in the activity specified, giving a very rough approximation of the percentage of FABC's total business accounted for by the described activity.

i. Acts as New York correspondent for foreign and domestic banks to hold, pay and receive funds in settlement of their international transactions; receives and transfers funds for foreign non-bank clients (26%);

ii. Engages in import and export financing by issuing and confirming letters of credit and by acceptance financing (35%);

iii. Handles domestic and foreign collections (4%);

iv. Buys and sells securities on clients' instructions and acts as custodian of clients' securities (9%);

v. Grants credit accommodations, secured and unsecured, for import-export transactions through mail credits and temporary overdrafts; grants brokers' loans

and medium-term loans; discounts receivables; grants participations in loans to correspondent banks and takes such participations from them (20%);

vi. Sells short-term notes issued by foreign and domestic entities to foreign and domestic clients (1%);

vii. Executes foreign exchange transactions for clients and for its own account (4%);

viii. Purchases government, municipal and corporate securities for its own account (but does not engage in any underwriting) (1%).

In connection with the foregoing activities, FABC holds credit balances for the account of its customers (but does not accept deposits), and to the extent permitted by Chapter I, Section 20 of the General Regulations of the New York Banking Board, pays interest thereon. All these activities are performed by FABC's head office in New York.

If Section 23(a) of the Federal Reserve Act had applied to BNP on December 31, 1977, its 10% investment limitation would have been approximately $40,000,000 to $50,000,000. Since BNP's investment in the capital of FABC (capital stock plus surplus) equals $38,000,000, BNP would have been severely restricted in further capital contributions to FABC as well as other dealings.